

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF MT. STERLING AND MAIN CROSS)	
DEVELOPMENT CORPORATION)	
)	
COMPLAINANTS)	
)	
V.)	CASE NO. 94-226
)	
KENTUCKY UTILITIES COMPANY)	
)	
DEFENDANT)	

O R D E R

On June 3, 1994, the city of Mt. Sterling ("City") and Main Cross Development Corporation (hereinafter collectively referred to as "Complainants") filed a complaint against Kentucky Utilities Company ("KU") requesting an exemption from 807 KAR 5:046 which requires the installation of individual electric meters in multi-dwelling unit buildings. KU answered the complaint by stating that the Commission's regulation puts the burden on the Complainants to demonstrate that the cost of purchasing and installing separate meters in the building are greater than the long-run benefits of individual metering to the consumers of the electricity at the building. KU further stated that it waived its right to a hearing and requested that the case be decided on the evidence of record.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the City owns a block of property in its downtown historic district which is under

development for commercial and residential uses. Main Cross Development Corporation is a non-profit agency acting on behalf of the city to develop the block of vacant warehouses, most of which were constructed in the 19th century. The project will consist of consolidating the interiors of the warehouses into a three story structure with commercial space on the first floor and one and two bedroom residential units on the upper floors. A total of 51 residential units will be developed and they will all be rent subsidized for low income, elderly tenants.

The project is being financed by grants from the Kentucky Housing Corporation and a Community Development Block Grant. Funds are limited and the project is already over budget. The rehabilitation of the buildings has been expensive due to their age and the need to conform to the federal standards for historic preservation. The residential units will be heated by a central heating system but cooled by individual air conditioning units. All utilities are to be paid by the City and the rent will be based on each tenant's income.

All commercial space will be individually metered, but the Complainants seek to use a master meter for the residential units because installing individual meters would cost an additional \$51,850. This equates to just over \$1,000 per residential unit for the installation of an individual electric meter. The Complainants have shown that if individual meters were installed, the total estimated annual electric bill for all residential units would be approximately \$1,000 less than if a master meter is utilized. On

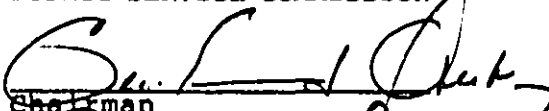
a residential unit basis, this equates to a savings of less than \$20 per year.

The Commission firmly believes that master metering is not in the public interest because it tends to discourage conservation and the efficient use of energy by not sending the proper pricing signal to the consumers. However, recognizing the unique factors presented in this case, and the substantial cost per unit to install individual meters compared to the projected annual savings, the Commission finds good cause to grant a waiver.

IT IS THEREFORE ORDERED that the Complainants be and they hereby are granted a waiver from the requirements of 807 KAR 5:046 to authorize the installation of a master meter to measure the electricity consumed by the 51 residential unit development.

Done at Frankfort, Kentucky, this 5th day of October, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director